

Legislation would put up to \$156 billion towards deficit reduction

As lawmakers face deep divisions over proposals to cut the federal deficit and rein in Medicare costs, Rep. Peter Welch on Monday announced bipartisan legislation that strengthens Medicare, lowers the cost of prescription drugs for seniors and trims the deficit.

Welch's Medicare Prescription Drug Price Negotiation Act of 2011 would require the Secretary of Health and Human Services to negotiate prescription drug prices on behalf of Medicare Part D beneficiaries, a move that would significantly lower the cost of prescription drugs for seniors and save up to \$156 billion over ten years.

"At a time when we're working to get the nation's fiscal house in order, putting the federal government's purchasing power to work to save money is simply common sense. Paying retail rates for wholesale purchases is a good deal for the pharmaceutical company but a bad deal for the taxpayer," Welch said. "It's long past time we put an end to this misguided policy."

Taxpayers fund more than three-quarters of the cost of the Medicare Part D drug benefit, accounting for \$62 billion worth of drugs in 2010 alone. Yet the program, which serves 28 million seniors, has been barred from negotiating rates with the pharmaceutical industry since 2004.

Price negotiation has a history of saving money. The Department of Veterans Affairs has reduced costs significantly by negotiating rates. One Families USA report found that the top five Medicare Part D insurers charged prices 58 percent higher than the VA for 20 commonly prescribed drugs.

The Medicare Prescription Drug Price Negotiation Act of 2011 is identical to a Welch-sponsored provision in the House version of the health care reform legislation but was not included in the final law.